

CHAPTER 2. THE CHILD CARE MARKET

Child Care Population

Based on the surveys conducted from February through May of 2004, we estimate that 165,680 children in Washington State were in licensed care during that time. About 70 percent of these children were in child care centers and the remaining 30 percent were in licensed family homes.

In-home care (care in the child's home, not subject to licensing) and unlicensed out-of-home care were not part of this study. These populations have not been estimated by DSHS since a survey done in 1990. Assuming that the proportion of children in those situations has remained the same since the 1990 study, the number of children in unlicensed out-of-home and in-home care was 54,470 and 36,230 respectively. Therefore, an estimated 256,380 children were in paid (licensed or unlicensed) child care in Washington State during the study period (Table 5).

In the following chapter, more detailed information about child care populations in Washington State is provided in Table 10 for centers and in Table 12 for family homes.

Table 5. Estimates of Children in Licensed and Unlicensed Child Care, 2004

Licensed Care		Children Enrolled	Total Capacity ¹	Number of Vacancies	Vacancy Rate ²
<u>Centers</u>					
	Full-time	66,580			
	Part-time	52,120			
Total in Centers		118,700 ³	124,680	20,420	16.4%
<u>Family Homes</u>					
	Full-time	27,860			
	Part-time	19,120			
Total in Family Homes		46,980	58,730	11,540	19.7%
Total in Licensed Care		165,680	183,410	31,970	17.4%
<u>Unlicensed Care</u>⁴					
Out-of-Home		54,470			
In-Home		36,230			
Total Unlicensed Care		90,700			
Total in Licensed and Unlicensed Care		256,380			

(1) For centers, licensed capacity. For family homes, licensed capacity less providers' children.

(2) Vacancy rate = vacancies/capacity.

(3) Because of rounding, the number of full-time and part-time children do not add up to the total.

(4) Estimated from proportions in the 1990 survey. [*Child Care Rates in Washington: 1990*]

Source: DSHS Division of Child Care and Early Learning
2004 Surveys of Child Care Centers and Family Homes

Employment and Income

Based solely on child care rates and populations reported in the 2004 surveys, we estimate that licensed child care providers in Washington State grossed about \$889 million in 2004. As shown in Table 6, the licensed child care industry employed about 30,600 persons at the time of the interviews.

Table 6. Estimates of Employment and Revenue in Washington State's Child Care Industry, 1994, 1996, 1998, 2000, 2002, and 2004

	Total Number of Employees						Revenue in Million Dollars					
	<u>1994</u>	<u>1996</u>	<u>1998</u>	<u>2000</u>	<u>2002</u>	<u>2004</u>	<u>1994</u>	<u>1996</u>	<u>1998</u>	<u>2000</u>	<u>2002</u>	<u>2004</u>
Centers	16,220	16,667	20,400	20,700	22,000	22,300	\$363	\$375	\$507	\$556	\$613	\$668
Family Homes	9,928	10,166	9,000	8,400	8,600	8,300	\$178	\$187	\$183	\$187	\$223	\$221
Licensed Facilities	26,148	26,833	29,400	29,100	30,600	30,600	\$541	\$561	\$690	\$743	\$836	\$889
Out-of-Home Care ⁽¹⁾	8,521	8,797	9,400	9,400	9,600	9,600	\$152	\$167	\$193	\$208	\$256	\$256
In-Home Care ⁽²⁾	15,948	15,538	16,900	16,300	16,700	16,500	\$104	\$110	\$128	\$138	\$170	\$170
Unlicensed Care ⁽³⁾	24,469	24,335	26,300	25,700	26,300	26,100	\$256	\$277	\$321	\$346	\$426	\$426
Industry Total	50,617	51,168	55,700	54,800	56,900	56,700	\$797	\$839	\$1,011	\$1,089	\$1,262	\$1,315

⁽¹⁾ Includes unlicensed out-of-home care provided by non-relatives that should, by law, be licensed. Number employed based on family-home adult-child ratio.

⁽²⁾ Number of in-home care employees based on 1990 survey: (2.2 children/caregiver.)

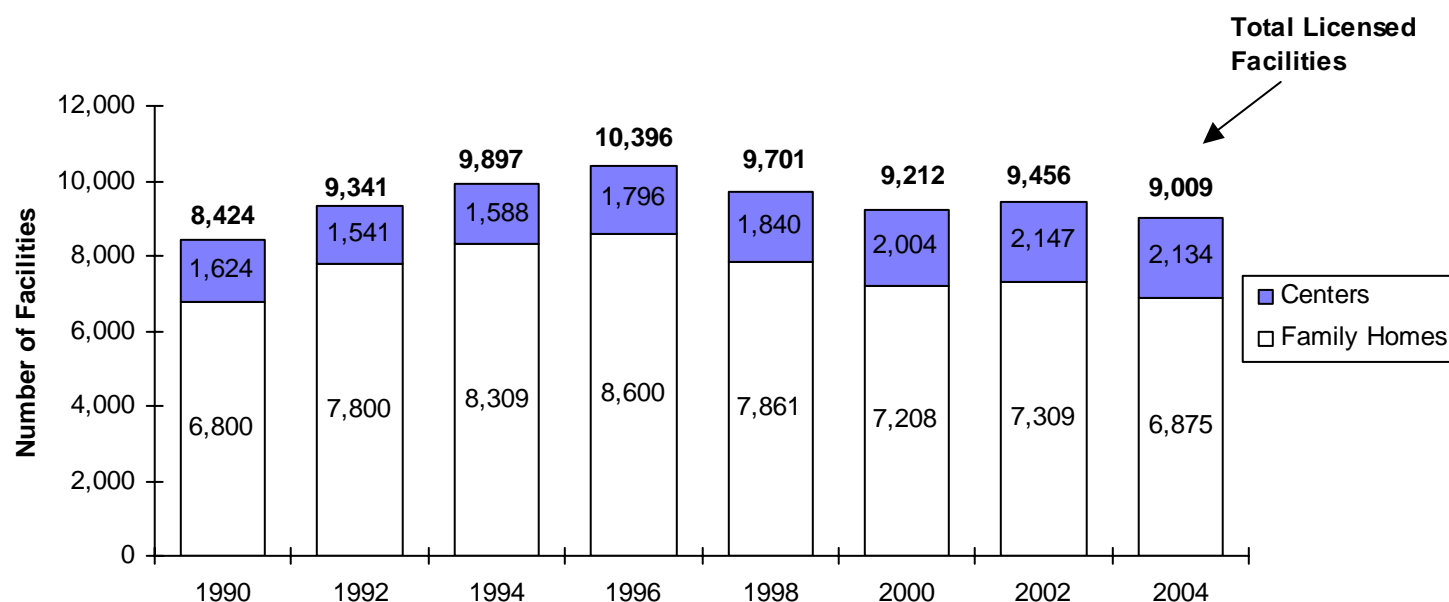
⁽³⁾ Assumes same cost per child as in licensed family home care (\$4705/child/year in 2004).

Source: DSHS Division of Child Care and Early Learning
1994, 1996, 1998, 2000, 2002, and 2004 Surveys of Child Care Centers and Family Homes

Growth of the Licensed Child Care Industry

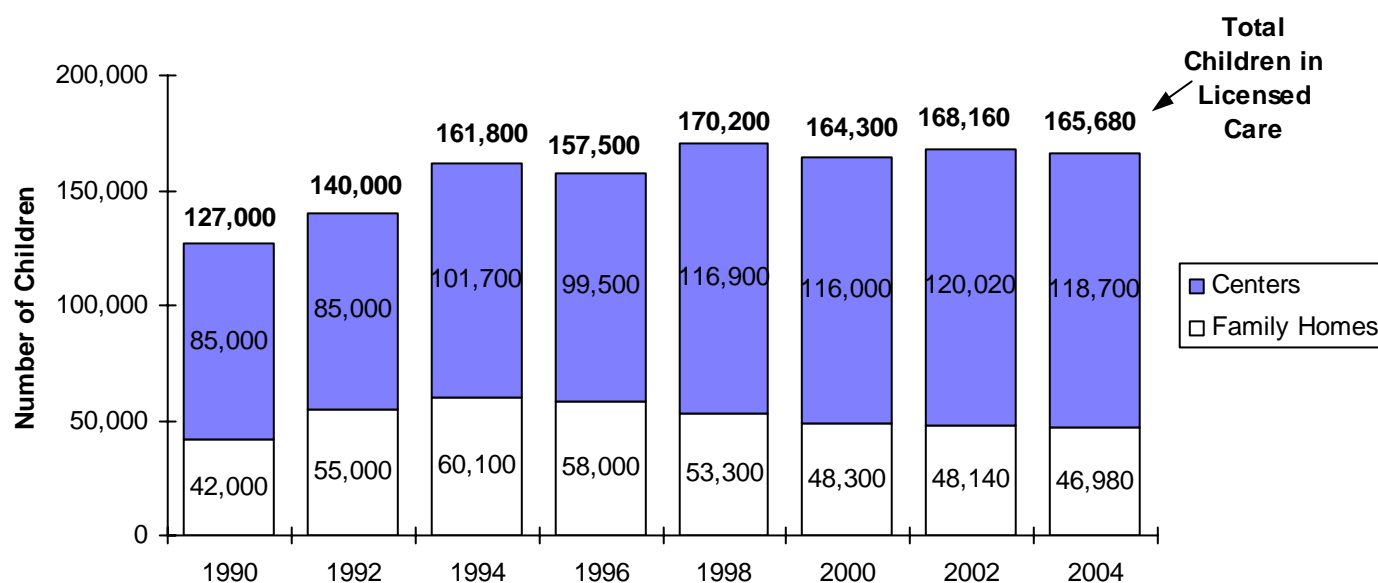
The following two graphs show changes in the size of the licensed child care industry from 1990 to 2004. From 1990 through 2002, the number of centers and number of children attending centers generally increased. For family homes, the number of licensed facilities and number of children cared for in family homes increased between 1990 and 1996. Since that time, those numbers have generally declined. In the two years 2002 to 2004, the number of facilities and the number of children served decreased slightly for both centers and family homes (Figures 2 and 3).

Figure 2. Licensed Child Care Facilities in Washington State, 1990 to 2004



Source: DSHS Division of Child Care and Early Learning
 1990, 1992, 1994, 1996, 1998, 2000, 2002 and 2004 Surveys of Child Care Centers and Family Homes

Figure 3. Children in Licensed Care in Washington State, 1990 to 2004



Source: DSHS Division of Child Care and Early Learning
 1990, 1992, 1994, 1996, 1998, 2000, 2002 and 2004 Surveys of Child Care Centers and Family Homes

Decline in Number of Family Homes

The number of licensed family homes declined from 8,600 to 6,875 between 1996 and 2004, a decline of 20 percent. The decline was not uniform throughout the state. As shown in Table 7, both the absolute number of family homes lost and the percent change was greatest in Region 4 (King County). But the number of licensed homes dropped in all regions except Region 2. Except for the 2000 to 2002 period, the decline in number of family homes has been fairly steady, between 6 and 8.5 percent over each two year period.

Table 7. Number of Family Homes, 1996 to 2004

Region	1996	1998	2000	2002	2004	Change From 1996 to 2004	Percent Change from 1996 to 2004
1	1,336	1,221	1,174	1,254	1,124	-212	-16%
2	1,055	1,069	1,108	1,253	1,202	147	14%
3	1,465	1,273	1,127	1,140	1,092	-373	-25%
4	2,147	1,855	1,645	1,571	1,420	-727	-34%
5	1,150	1,084	954	956	933	-217	-19%
6	1,447	1,359	1,200	1,135	1,104	-343	-24%
Statewide	8,600	7,861	7,208	7,309	6,875	-1,725	-20%

Source: DSHS Division of Child Care and Early Learning
1996, 1998, 2000, 2002 and 2004 Surveys of Family Homes